NEWBURY COLLEGE

Report and Financial Statements
For the Year Ended 31 July 2017

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Members' Report

NATURE, OBJECTIVES AND STRATEGIES

The Members present their report and the audited financial statements for the year ended 31 July 2017.

Legal status

The Corporation was established under The Further and Higher Education Act 1992 for the purpose of conducting Newbury College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Mission

The College's mission, as approved by its Members, is:

"To be a Centre of Excellence for Learning, Business and Vocational Skills."

Vision

The College's vision, as approved by its members, is:

"Outstanding Learning Which Inspires Learners to Progress and to Make a Positive Difference to Business and the Community".

Public Benefit

Newbury College is an exempt charity under the Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 10.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce.
- Links with Local Enterprise Partnerships (LEPs)

The delivery of public benefit is covered throughout the Members Report.

Implementation of strategic plan

In July 2016 the College adopted a strategic plan for the period 1 August 2016 to 31 July 2017. This strategic plan includes property and financial plans. The Corporation monitors the performance of the College against these plans. The plans are reviewed and updated each year. The College's strategic objectives are:

- Outstanding teaching, learning and success rates
- Programmes which meet local skills needs and promote a reputation for excellence
- Technological development which supports access to learning for all ages and abilities, including learners with High Needs

The College is on target to achieve these objectives.

Financial objectives

The College's financial objectives are:

- An improving annual operating surplus position.
- A continued focus on delivering value for money.
- Plans to maintain, improve, and protect our core business and financial position post Area Review through new business income, increased learner numbers in each of our markets and increased income streams from meeting local needs in the long term.
- A campus strategy which brings increasing and long term financial benefit to the College through capital receipts, investment potential and new income streams.

A series of performance indicators have been agreed to monitor the successful implementation of the policies.

Performance indicators

The College had three key performance indicators during 2016/17 with a target of achieving an Outstanding Financial Health Score:

Key performance Indicator	Measure/Target	Actual for 2016/17
Operating surplus/sector EBITDA as % of income	➢ 9.0%	9.01%
Cash days in hand/liquidity (adjusted current ratio)	➢ 2.0%	3.17%
Borrowing as % of income	< 40.0%	39.72%
Financial Health Score	Outstanding	Outstanding

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency ("ESFA"). The College is assessed by the ESFA as having an "Outstanding" financial health grading. The current rating of Outstanding is considered an acceptable outcome.

FINANCIAL POSITION

Financial Results

The College generated an operating deficit during the year of £(85,000) (2015/16 - surplus of £82,000). However this has not affected the overall financial health of the college and the Financial Health Grade has increased from Good to Outstanding as forecast.

Tangible fixed asset additions during the year amounted to £579,000. This was split between buildings cost of £317,000, equipment purchased of £492,000 and assets transferred from 'in the course of construction' of £230,000. The asset transferred from 'in the course of construction' was a 'Solutions Lab' to provide a learning resource centre for STEM subjects focusing primarily on engineering.

In September 2002 the College building was opened and the Unitary Charges commenced. As the PFI arrangement was determined in accordance with Financial Reporting Standards as requiring assets to be shown on the Balance Sheet and depreciated, there is an additional depreciation charge of £236,000 included in the charge to the Income and Expenditure Account. The Unitary Charge to the Income and Expenditure Account for the provision of the buildings and associated facilities management amounted to £1,107,000, of which £191,000 was interest and £916,000 was for facilities management.

After accounting for pension liabilities (FRS 102), the College has accumulated reserves of £2,213,000, a revaluation reserve balance of £513,000 and cash balances of £2,945,000.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2016/17 the FE funding bodies provided 82% of the College's total income.

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Cash flows

At £714,000 (2015/16 £1,167,000), the positive net cash flow from operating activities remains strong.

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow. During the year this margin was comfortably exceeded.

Reserves

The College has no formal reserves policy but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activities. The College currently holds no restricted reserves. As at the balance sheet date, the Income and Expenditure account reserve including the pension reserve stands at £2,213k (2015/16 £1,867k). This is a net balance which comprises income and expenditure reserves of £7,748k (2015/16 £7,446k) and pension reserves of £(5,535)k (2015/16 £(5,579)k).

It is the Corporation's intention to increase reserves over the life of the Strategic Plan, by the generation of annual operating surpluses.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Financial Health

In 2016/17 the college financial health improved from Good to Outstanding. This is due to the reduction of the PFI loan balance improving the Borrowing as a % of Income score and a sufficient EBITDA – education specific surplus of £789,000 (£819,000 2015/16) to maintain the EBITDA as a % of income – education specific score.

Student numbers

In 2016/17 the College has delivered activity that has produced £7,217,000 in funding body main allocation funding (2015/16 £6,938k). The College had approximately 3,800 funded and 510 non-funded students.

Student achievements

The College annually publishes its student achievements in the Annual Report. The headline success rates were 82.6% for 2015/16 (82.1% for 2014/15) and while it is too early to make predictions about success rates for 2016/17 the College expects a small improvement in the success rate.

Curriculum developments

The full time curriculum is reviewed regularly with the intention of introducing more flexibility in terms of access to the curriculum for learners throughout the year. One outcome of this is a variety of access and enrolment opportunities throughout the year for full-time and part-time learners. Overall learner numbers have remained relatively stable, including 14-18 numbers of 705 (706 for 2015/16). During 2016/17 the college completed and opened a build project to extend the existing building to create a 'Solutions Lab' which will provide a learning resource centre for STEM subjects focusing primarily on engineering.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2016 to 31 July 2017, the College estimates it paid 87% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Post-balance sheet events

There have been no significant post balance sheet events.

Planned maintenance programme

Through PFI, the College has an annual maintenance plan devised by MITIE FM and monitored by the College.

Future Prospects

With regard to the improved capacity provided by the building extension on main site, the College seeks to steadily increase student numbers, including apprenticeships, over the next three years.

The College aims to increase contribution so that it returns to operating at a surplus by implementing its strategic plan and seeking opportunities particularly in the areas where the College currently performs well such as special needs provision, full cost work and meeting the demands of the local employment market, especially in respect of engineering.

The College strategic plan includes development of the following areas and includes key areas that were highlighted in the Area Review process:

- Solutions Lab – provision of STEM subjects with a focus on Engineering
- Development of an on-line study platform
- Growth in Full Cost provision
- Continued expansion of special needs provision
- Expansion of the college HE provision
- Campus development to create an 'all age' campus delivering education and training for all ages (4 to 99).

The College believes that it will be able to continue in operation and meet its liabilities taking account of the current position and principal risks for the foreseeable future. This opinion is supported by the Outstanding financial health grade achieved in 2016/17. The strategic plan is a rolling four year plan and the Area Review identified that the college was meeting the needs of the local community and had the ability to support itself via sound financial management, a strong financial position and the ability to be flexible to meet the needs of the population and employers in the local area. Underlying this is the fact that the college operates on a 40 acre site which could, if required, provide a financial safety net.

RESOURCES

The College has various resources that it can deploy in pursuit of its strategic objectives.

Tangible resources include the main college site and £2.6 million held in net current assets (2015/16 £2.9 million).

Financial
The College has £2.7 million of total net assets (2015/16 £2.4 million) which includes fixed assets totalling £13.9 million and long term debt of £8.3 million which relates to the PFI contract plus deferred capital grants and a £5.6 million pension liability.

People
The College employs 142 people (expressed as full time equivalents), of whom 81 are teaching staff.

Reputation
The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the College success in attracting students and maintaining external relationships. The College achieved an OFSTED inspection grading of "Good" in 2017.

PRINCIPAL RISKS AND UNCERTAINTIES:

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the Audit Committee undertakes an annual review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Audit Committee will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed termly by the Audit Committee. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is supported by a risk management training programme to raise awareness of risk throughout the College.

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

1. Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies and through HEFCE. In 2016/17, 86% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of several issues which may impact on future funding, including apprenticeship reforms and the devolution of the adult education budget:

- It is recognised that the introduction of the apprenticeship levy will significantly affect that marketplace though the full implications are not yet known as government policy continues to develop.
- The demand led funding system which applies a series of factors such as guided learning hours and success rates to calculate an amount of funding to be received for each learner. Such funding cannot be guaranteed. This funding may ultimately be devolved and applied for via the College's local authority but for the immediate future the local authority has not expressed an interest to make this change.
- Funding for 16-18 year olds is lagged by one year and this year's student income will be paid to the College next year. It should be noted that student numbers have reduced in this area which will affect next year's funding.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements.
- By ensuring the College is rigorous in delivering high quality education and training.
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies.
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Regular dialogue with the funding bodies.

2. Tuition fee policy

Ministers have confirmed that the fee assumption remains at 50%. In line with the majority of other colleges, Newbury College increased tuition fees in accordance with the fee assumptions. The risk for the College is that demand falls off as fees are increased. This will impact on the growth strategy of the College.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students.
- Close monitoring of the demand for courses as prices change.

3. Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102.

STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, Newbury College has many stakeholders. These include:

- Students;
- Staff;
- Education Sector funding bodies;
- Universities;
- Local employers (with specific links);
- Local Authorities;
- Government Offices/Local Enterprise Partnership (LEPs);
- The local community and other community organisations;
- Other FE institutions and schools;
- Trade unions and professional bodies.

The College recognises the importance of these relationships and engages in regular communication with these stakeholders through the College Internet site and by meetings.

Equality

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively encourage individual difference. This policy is resourced, implemented and monitored on a planned basis. The College's Equal Opportunities Policy is published on the College's Intranet site.

The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The College is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The College has committed to the 'Mindful Employer' initiative to assist the mental health wellbeing of staff. The College has achieved accreditation to the Committed to Equality (C2E) standard at the gold (highest) level. The College has also implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an ongoing basis.

Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010:

a) As part of its accommodation strategy the College updated its access audit. Experts in this field conducted a full access audit during 2016/17, and the results of this formed the basis of funding capital projects aimed at improving access.
b) The College has appointed an Access Co-ordinator, who provides information, advice and arranges support where necessary for students with disabilities.
c) There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre.
d) The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.

e) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
f) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
g) Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Disclosure of information to auditors

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Professional advisors

Financial Statements and Regularity Auditors
MHA MacIntyre Hudson

Internal Auditors
Mazars

Bankers
Lloyds

Solicitors
Irwin Mitchell LLP, Southampton
Bevan Brittan, Bristol

Approved by order of the members of the Corporation on 11th December 2017 and signed on its behalf by:

....
Mr. G Knappett
Chairman

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2016 to 31st July 2017 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

i) in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
j) in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"); and
k) having due regard to the UK Corporate Governance Code 2016 insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2017. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

The Corporation

The Members who served on the Corporation during the year and up to the date of signature of this report were as listed below.

Member	Position	Date Joined	Date Left	Attended
Mr G Knappett	Chair of the Corporation	June 2009		6/6
Mr J Hopson	External	December 2008		6/6
Mr M Farwell	External	January 2014		4/6
Dr A Murdoch	Principal	June 2001		6/6
Mr T Rossiter	External	March 2012		6/6
Mrs J West	Staff	July 2012		6/6
Mrs S Wood	External	January 2004		6/6
Mr S Thompson	External	December 2015		4/6
Mr C Boulton	External	April 2017		1/2
Mr P Allen	External	July 2017		0/1
Ms H Gull	Student	November 2016	July 2017	2/4
Mr N Carter	Ex Chair of the Corporation	March 2009	April 2017	2/5

There are 12 Board Members.

There are currently two vacancies on the Corporation.

Mrs Gill Parkinson is Clerk to the Corporation.

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets each term.

The Corporation conducts its business through the Corporation and a small number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Audit, Search and Remuneration. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the college website (at www.newbury-college.ac.uk) or from the Clerk to the Corporation at:

Newbury College
Monks Lane, Newbury, Berkshire, RG14 7TD

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad hoc basis.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chairman and Accounting Officer are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a search committee, consisting of members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years.

Corporation performance

The Corporation carried out a self assessment of its own performance for the year ended 31st July 2017 and graded itself as "Good" on the Ofsted scale.

Remuneration committee

Throughout the year ended 31 July 2017, the College's remuneration committee comprised three members of the Corporation. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel.

Details of senior post holders remuneration for the year ended 31 July 2017 are set out in note 6 to the financial statements.

Audit committee

The Audit committee comprises of six members. The committee operates in accordance with written terms of reference approved by the Corporation.

The Audit committee meets on a termly basis and provides a forum for reporting by the College's internal, regularity and financial statements auditors, who have access to the committee for independent discussion, without the presence of College management. The committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

The College's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit committee.

Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The audit committee also advises the Corporation on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work. It reports on an annual basis to the Corporation.

Internal Control

Scope of responsibility

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between Newbury College and the funding bodies. The Principal is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk at a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of college policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Newbury College for the year ended 31 July 2017 and up to date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2017 and up to date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body;

- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines;
- the adoption of formal project management disciplines, where appropriate.

Newbury College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Joint Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the college is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. As a minimum annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

As accounting officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. Her review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors;
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework;
- comments made by the College's financial statements auditors and the regularity auditors in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2017 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2017 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2017.

Going Concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The College believes that it will be able to continue in operation and meet its liabilities taking account of the current position and principal risks for the foreseeable future. This opinion is supported by the Outstanding financial health grade achieved in 2016/17. The strategic plan is a rolling four year plan and the area review identified that the college was meeting the needs of the local community and had the ability to support itself via sound financial management, a strong financial position and the ability to be flexible to meet the needs of the population and employers in the local area. Underlying this is the fact that the college operates on a 40 acre site which could, if required, provide a financial safety net.

Approved by order of the members of the Corporation on 11th December 2017 and signed on its behalf by:

Signed.. Signed..

Chairman Accounting Officer

Statement of Regularity, Propriety and Compliance

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the financial memorandum. As part of our consideration we have had due regard to the requirements of the financial memorandum.

We confirm, on behalf of the Corporation, that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding under the College's financial memorandum.

We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the ESFA.

Signed..
Dr. Anne Murdoch
Accounting Officer
11th December 2017

Signed..
Mr. Geoff Knappett
Chairman
11th December 2017

Statement of Responsibilities of the Members of the Corporation

The members of the Corporation are required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education* and with the Accounts Direction 2016 to 2017 issued jointly by the ESFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements, the Corporation is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

The Corporation is also required to prepare a Members Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the College website is the responsibility of the Corporation of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the Education and Skills Funding Agency are used only in accordance with the Financial Memorandum with the Education and Skills Funding Agency and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the Education and Skills Funding Agency are not put at risk.

Approved by order of the members of the Corporation on the 11th December 2017 and signed on its behalf by:

Signed..

Mr. G Knappett
Chairman

Independent Auditor's Report to the Corporation of Newbury College

Opinion

We have audited the financial statements of Newbury College for the year ended 31 July 2017 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Governors, as a body, in accordance with the College's Articles of Government. Our audit work has been undertaken so that we might state to the Governors, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

• give a true and fair view of the state of the College's affairs as at 31 July 2017 and of the deficit for the year then ended;
• have been properly prepared in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Governors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report to the Corporation of Newbury College (continued)

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the members' report or operating and financial review or the statement of corporate governance and internal control.

We have nothing to report in respect of the following matters in relation to which the Post 16 Audit Code of Practice issued by the Department for Education requires us to report to you if our opinion:
• adequate accounting records have not been kept; or
• the annual accounts are not in agreement with the accounting records; or
• we have not received all the information and explanations required for our audit.

Responsibilities of Governors
As explained more fully in the Governors' responsibilities statement, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Governors.

• Conclude on the appropriateness of the Governors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the College to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report to the Corporation of Newbury College (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MHA MacIntyre Hudson
....

Date 14/12/17

MHA MACINTYRE HUDSON
Chartered Accountants & Statutory Auditor
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO NEWBURY COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE DEPARTMENT FOR EDUCATION ("the Department")

In accordance with the terms of our engagement letter and further to the requirements of the financial memorandum with the Education and Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Newbury College during the period 1 August 2016 to 31 July 2017 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post 16 Audit Code of Practice ("the Code") issued jointly by the Department. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the Department has other assurance arrangements in place.

This report is made solely to the corporation of Newbury College and the Department in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Newbury College and the Department those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the corporation of Newbury College and the Department for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Newbury College and the reporting accountant
The corporation of Newbury College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2016 to 31 July 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach
We conducted our engagement in accordance with the Code issued by the Department. We performed a limited assurance engagement as defined in that framework.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the College's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Reviewing the Minutes of the meetings of the Governing Body and other evidence made available to us
- Review of the objectives and activities of the College, with reference to the income streams and other information available to us as auditors of the College
- Testing of a sample of payroll payments to staff
- Testing of a sample of payments to suppliers and other third parties
- Testing of a sample of grants received and other income streams

REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO NEWBURY COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE DEPARTMENT FOR EDUCATION ("the Department") (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2016 to 31 July 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA Macintyre Hudson

MHA MACINTYRE HUDSON
Chartered Accountants & Statutory Auditor
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

14/12/17

Newbury College
Statement of Comprehensive Income

	Notes	2017 £'000	2016 £'000
INCOME			
Funding body grants	2	7,533	7,243
Tuition fees and education contracts	3	1,050	1,085
Other income	4	297	191
Endowment and investment income	5	10	20
Total income		**8,890**	**8,539**
EXPENDITURE			
Staff costs	6	5,361	5,210
Fundamental restructuring costs	6	8	31
Other operating expenses	7	2,755	2,399
Depreciation	10	500	451
Interest and other finance costs	8	351	366
Total expenditure		**8,975**	**8,457**
(Deficit)/Surplus before tax		**(85)**	**82**
Taxation	9	-	-
(Deficit)/Surplus for the year		**(85)**	**82**
Actuarial gain/(loss) in respect of pensions schemes	19	374	(1,161)
Total Comprehensive Income for the year		**289**	**(1,079)**
Represented by:			
Unrestricted comprehensive income		289	(1,079)
Restricted comprehensive income		-	-
		289	**(1 079)**

Newbury College
Statement of Changes in Reserves

	Income and Expenditure account £'000	Revaluation reserve £'000	Total £'000
Balance at 1st August 2015	2,889	627	3,516
Surplus from the income and expenditure account	82	-	82
Other comprehensive income	(1,161)	-	(1,161)
Transfers between revaluation and income and expenditure reserves	57	(57)	-
	(1,022)	(57)	(1,079)
Balance at 31st July 2016	**1,867**	**570**	**2,437**
Deficit from the income and expenditure account	(85)	-	(85)
Other comprehensive income	374	-	374
Transfers between revaluation and income and expenditure reserves	57	(57)	-
Total comprehensive income for the year	346	(57)	289
Balance at 31st July 2017	**2,213**	**513**	**2,726**

Newbury College
Balance sheet as at 31 July

	Notes	2017 £'000	2016 £'000
Fixed assets			
Tangible fixed assets	10	13,936	13,857
		13,936	**13,857**
Current assets			
Trade and other receivables	11	1,042	906
Cash and cash equivalents	16	2,945	3,365
		3,987	**4,271**
Less: Creditors – amounts falling due within one year	12	(1,393)	(1,337)
Net current assets		**2,594**	**2,934**
Total assets less current liabilities		**16,530**	**16,791**
Less: Creditors – amounts falling due after more than one year	13	(8,269)	(8,775)
Provisions			
Defined benefit obligations	15	(5,535)	(5,579)
Total net assets		**2,726**	**2,437**
Unrestricted reserves			
Income and expenditure account including pension reserve		2,213	1,867
Revaluation reserve		513	570
Total unrestricted reserves		**2,726**	**2,437**

The financial statements on pages 21 to 43 were approved and authorised for issue by the Corporation on 11th December 2017 and were signed on its behalf on that date by:

Mr G Knappett
Chair

Dr A Murdoch
Accounting Officer

Newbury College
Statement of Cash Flows

	Notes	2017 £'000	2016 £'000
Cash inflow from operating activities			
(Deficit)/Surplus for the year		(85)	82
Adjustment for non cash items			
Depreciation		500	451
(increase)/decrease in debtors		(136)	290
Increase/(decrease) in creditors due within one year		38	15
Increase/(decrease) in creditors due after one year		(218)	202
Pensions costs less contributions payable		170	71
Adjustment for investing or financing activities			
Investment income		(10)	(20)
Interest payable		351	366
Taxation paid		-	-
Net cash flow from operating activities		**610**	**1,457**
Cash flows from investing activities			
Investment income		10	20
Payments made to acquire fixed assets		(579)	(369)
		(569)	(349)
Cash flows from financing activities			
Interest element of finance lease rental payments		(191)	(208)
Capital element of finance lease rental payments		(270)	(355)
		(461)	(563)
(Decrease)/Increase in cash and cash equivalents in the year		**(420)**	**545**
Cash and cash equivalents at beginning of the year	16	3,365	2,820
Cash and cash equivalents at end of the year	16	**2,945**	**3,365**

Newbury College
Notes to the Accounts

1. Statement of Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice SORP): Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), the College Accounts Direction for 2016 to 2017 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Members Report. The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The college currently has £2.945 million of cash or cash equivalents and has a good working relationship with its bank. The College's forecasts and financial projections indicate that it will be able to operate within the existing facility and covenants for the foreseeable future.

Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

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Recognition of Income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

Grants from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

1. Statement of Accounting Policies (Cont)

Fee income

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

Investment income

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

Agency arrangements

The College acts as an agent in the collection and payment of certain discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Accounting for post-employment benefits

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

1. Statement of Accounting Policies (Cont)

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

West Berkshire Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in actuarial gains and losses.

1. Statement of Accounting Policies (Cont)

Short term Employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Non-current Assets - Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

a. Land and Buildings

The new College building and furniture and equipment within the building have been financed by a PFI arrangement. The building will be depreciated over its expected useful life of 50 years and the furniture and equipment over 8 years. Some of this has now been revised to a 10 year useful life.

Professional fees are depreciated over the expected useful economic life of the building of 50 years.

Freehold land is not depreciated as it is considered to have an infinite useful life.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

b. Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

c. Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

1. Statement of Accounting Policies (Cont)

d. Equipment

Single items of equipment costing less than £500 are written off to the income and expenditure account in the year of acquisition. All other individual items of equipment, and equipment that is naturally grouped together costing in excess of £500, are capitalised at cost.

All equipment is depreciated on a straight line basis over its useful economic life as follows:

Computer equipment	- 3 years
Computer cabling	- 6 years
Furniture, fixtures and fittings	- 8 years
Motor vehicles	-5 years
General equipment	- 10 years

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

Leased Assets

Assets held under finance leases (including PFI), which are leases where substantially all the risks and rewards of ownership of the asset have passed to the college, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of rental obligations are charged in the profit and loss account over the periods of the leases and represent a constant proportion of the balance of capital repayments outstanding.

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1st August 2014.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

1. Statement of Accounting Policies (Cont)

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 2% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Provisions

Provisions are recognised when

- the College has a present legal or constructive obligation as a result of a past event
- it is probable that a transfer of economic benefit will be required to settle the obligation, and
- a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management have made the following judgements:

- While going concern is an issue within the Further Education sector, the College remains in good financial health and this is expected to continue and therefore the accounts are prepared on a going concern basis.
- Determine whether there are indicators of impairment of the College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

1. Statement of Accounting Policies (Cont)

Other key sources of estimation uncertainty

- Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Newbury College
Notes to the Accounts (continued)

2 Funding council grants

	2017 College £'000	2016 College £'000
Recurrent grants		
Education and Skills Funding Agency - adult	1,256	1,111
Education and Skills Funding Agency - 16-18	5,484	5,312
Education and Skills Funding Agency - apprenticeships	477	515
Higher Education Funding Council	179	174
Specific Grants		
Releases of government capital grants	137	131
Total	**7,533**	**7,243**

3 Tuition fees and education contracts

	2017 College £'000	2016 College £'000
Adult education fees	626	751
Apprenticeship fees and contracts	50	50
Fees for FE loan supported courses	135	85
Fees for HE loan supported courses	170	126
Total tuition fees	981	1,012
Education contracts	69	73
Total	**1,050**	**1,085**

4 Other Income

	2017 College £'000	2016 College £'000
Catering and residences	15	11
Other income generating activities	66	57
Other grant income	104	18
Miscellaneous income	112	105
Total	**297**	**191**

5 Investment income

	2017 College £'000	2016 College £'000
Other interest receivable	10	20
	10	**20**
Pension finance income (note 19)	-	-
Total	**10**	**20**

6 Staff costs

The average number of persons (including key management personnel) employed by the College during the year, described as full-time equivalents, was:

	2017 No.	2016 No.
Teaching staff	81	68
Non teaching staff	61	62
	142	**130**

Staff costs for the above persons

		2017 £'000	2016 £'000
Wages and salaries		3,996	4,110
Social security costs		316	274
Other pension costs		839	670
Payroll sub total		**5,151**	**5,054**
Contracted out staffing services		210	156
		5,361	**5,210**
Fundamental restructuring costs -	contractual	8	31
	non contractual	0	0
		5,369	**5,241**

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Management Team which comprises the Principal, Deputy Principal, Director of Finance and the Head of Human Resources.

Emoluments of Key management personnel, Accounting Officer and other higher paid staff

	2017 No.	2016 No.
The number of key management personnel including the Accounting Officer was:	4	4

The number of senior post-holders and other staff who received emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

	Senior post-holders		Other staff	
	2017 No.	2016 No.	2017 No.	2016 No.
£60,001 to £70,000	-	-	-	-
£70,001 to £80,000	-	-	1	1
£80,001 to £90,000	-	-	-	-
£90,001 to £100,000	1	1	-	-
£100,001 to £110,000	-	-	-	-
£110,001 +	1	1	-	-
	2	**2**	**1**	**1**

6 Staff costs

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

	Key management 2017 No.	Key management 2016 No.
£40,001 to £50,000	1	1
£50,001 to £60,000	-	-
£60,001 to £70,000	-	-
£70,001 to £80,000	1	1
£80,001 to £90,000	-	-
£90,001 to £100,000	1	1
£100,001 to £110,000	-	-
£110,001 +	1	1
	4	**4**

Key management personnel compensation is made up as follows:

	2017 £'000	2016 £'000
Salaries	298	297
Employers National Insurance	37	33
Benefits in kind	-	-
	335	**330**
Pension contributions	53	50
Total emoluments	**388**	**380**

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

The above compensation includes amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	2017 £'000	2016 £'000
Salaries	108	107
Benefits in kind	-	-
	108	107
Pension contributions	19	17

The members of the Corporation other than the Accounting Officer and the staff member did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

7 Other operating expenses

	2017 College £'000	2016 College £'000
Teaching costs	671	526
Non teaching costs	1,725	1,545
Premises costs	359	328
Total	**2,755**	**2,399**

Other operating expenses include:	**2017 £'000**	**2016 £'000**
Auditor's remuneration:		
Financial statements audit	21	22
Internal audit	16	17
Other services provided by the financial statements auditors	-	4
Hire of assets under operating leases	34	30

8 Interest payable

	2017 £'000	2016 £'000
On bank loans, overdrafts and other loans:	-	-
	-	-
On finance leases	191	208
Pension finance costs (note 19)	160	158
Total	**351**	**366**

9 Taxation

	2017 £'000	2016 £'000
United Kingdom corporation tax at 19/20 per cent	-	-
Total	-	-

Newbury College
Notes to the Accounts (continued)

10 Tangible fixed assets

	Land	Buildings	Equipment	Assets in the Course of Construction	Total
	£'000	£'000	£'000		£'000
Cost or valuation					
At 1 August 2016	193	17,107	3,338	230	20,868
Additions	-	317	262	-	579
Transfers	-	-	230	(230)	-
At 31 July 2017	**193**	**17,424**	**3,830**	**-**	**21,447**
Depreciation					
At 1 August 2016	-	4,279	2,732	-	7,011
Charge for the year	-	353	147	-	500
At 31 July 2017	**-**	**4,632**	**2,879**	**-**	**7,511**
Net book value at 31 July 2017	**193**	**12,792**	**951**	**-**	**13,936**
Net book value at 31 July 2016	193	12,828	606	230	13,857

Land and buildings were valued in 1996 at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the LEA at incorporation have been valued by the College on a depreciated replacement cost basis with the assistance of independent professional advice.

The net book value of equipment includes an amount of £3,706,000 (2015/16 £3,942,000) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £236,000 (2015/16 £236,000).

11 Trade and other receivables

	College 2017 £'000	College 2016 £'000
Amounts falling due within one year:		
Trade receivables	312	367
Other receivables	43	43
Prepayments and accrued income	687	496
Total	**1,042**	**906**

12 Creditors: amounts falling due within one year

	College 2017 £'000	College 2016 £'000
Obligations under finance leases	287	269
Trade payables	180	205
Other taxation and social security	115	122
Accruals and deferred income	577	558
Deferred income - government capital grants	137	131
Amounts owed to the Education and Skills Funding Agency	97	52
Total	1,393	1,337

13 Creditors: amounts falling due after one year

	College 2017 £'000	College 2016 £'000
Obligations under finance leases	3,190	3,478
Deferred income - other	781	868
Deferred income - government capital grants	4,298	4,429
Total	8,269	8,775

14 Maturity of debt

Finance leases

The net finance lease obligations to which the institution is committed are:

	College 2017 £'000	College 2016 £'000
In one year or less	374	356
Between two and five years	1,614	1,529
In five years or more	1,983	2,461
Total	3,971	4,346

Finance lease obligations are secured on the assets to which they relate.

15 Provisions

	Defined benefit Obligation £'000
At 1 August 2016	5,579
Expenditure in the period	(370)
Transferred from income and expenditure account	326
At 31 July 2017	5,535

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 19.

The principal assumptions for this calculation are:

	2017	2016
Discount Rate	2.85%	2.85%
Pension Increases	2.30%	2.20%
Salary Increases	2.30%	2.20%

16 Cash and cash equivalents

	At 1 August 2016 £'000	Cash flows £'000	Other changes £'000	At 31 July 2017 £'000
Cash and cash equivalents	3,365	(420)	-	2,945
Overdrafts	-	-	-	-
Total	**3,365**	**(420)**	**-**	**2,945**

17 Capital commitments

	2017 £'000	2016 £'000
Commitments contracted for at 31 July	4	72

18 Lease Obligations

At 31 July the College had minimum lease payments under non-cancellable operating leases as follows:

	2017 £'000	2016 £'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	-	5
Later than one year and not later than five years	-	-
Later than five years	-	-
	-	5
Other		
Not later than one year	36	28
Later than one year and not later than five years	45	49
Later than five years	-	-
	81	77

19 Defined benefit obligations

The College's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by The Royal Borough of Windsor. Both are defined-benefit schemes.

Total pension cost for the year		**2017 £'000**		**2016 £'000**
Teachers Pension Scheme: contributions paid		308		270
Local Government Pension Scheme:				
Contributions paid	370		341	
FRS 102 (28) charge	170		71	
Charge to the Statement of Comprehensive Income		540		412
Enhanced pension charge to Statement of Comprehensive Income		-		-
Total Pension Cost for Year		**848**		**682**

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £39,414 (2016:£39,916) were payable to the scheme at the year end and are included in creditors.

19 Defined benefit obligations (continued)

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.48% of pensionable pay;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay;
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The new employer contribution rate for the TPS was implemented in September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:
https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £307,880 (2016: £269,591)

19 Defined benefit obligations (continued)

FRS 102 (28)

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds adminstered by West Berkshire Local Authority . The total contribution made for the year ended 31 July 2017 was £476,000, of which employer's contributions totalled £370,000 and employees' contributions totalled £106,000. The agreed contribution rates for future years are 21.1% for employers and range from 5.5% to 12.5% cent for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2017 by a qualified independent actuary

	At 31 July 2017	At 31 July 2016
Rate of increase in salaries	2.30%	2.20%
Future pensions increases	2.30%	2.20%
Discount rate for scheme liabilities	2.85%	2.85%
Inflation assumption (CPI)	2.30%	2.20%
Commutation of pensions to lump sums	50%	50%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2017	At 31 July 2016
	years	**years**
Retiring today		
Males	23.00	22.90
Females	25.10	26.20
Retiring in 20 years		
Males	25.20	25.20
Females	27.40	28.60

Sensitivity analysis (Increase/(decrease) in liability)	**At 31 July 2017 £'000**	**At 31 July 2016 £'000**
Discount rate +0.1%	209	216
Discount rate -0.1%	(255)	(220)
Mortality assumption – 1 year increase	(400)	(220)
Mortality assumption – 1 year decrease	385	218
CPI rate +0.1%	(236)	(313)
CPI rate -0.1%	231	304

19 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

The College's share of the assets in the plan and the expected rates of return were:

	Fair Value at 31 July 2017 £'000	Fair Value at 31 July 2016 £'000
Equities	2,784	2,390
Gilts	-	75
Bonds	857	703
Property	760	616
Cash	641	448
Alternate Assets	556	1,002
Total market value of assets	5,598	5,234
Actual return on plan assets	440	399

The amount included in the balance sheet in respect of the defined benefit pension plan [and enhanced pensions benefits] is as follows:

	2017 £'000	2016 £'000
Fair value of plan assets	5,598	5,234
Present value of plan liabilities	(11,133)	(10,813)
Net pensions (liability)/asset (Note 19)	(5,535)	(5,579)

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

	2017 £'000	2016 £'000
Amounts included in staff costs		
Current service cost	524	412
Past Service Cost	16	-
Total	540	412
Amounts included in investment income		
Net interest cost	160	158
	160	158
Amounts recognised in Other Comprehensive Income		
Return on pension plan assets	287	220
Other actuarial (losses) on assets	(368)	
Changes in assumptions underlying the present value of plan liabilities	(198)	(1,382)
Change in Demographic assumptions	246	
Experience losses arising on defined benefit obligations	407	1
Amount recognised in Other Comprehensive Income	374	(1,161)

19 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

Movement in net defined benefit (liability)/asset during the year

	2017 £'000	2016 £'000
(Deficit) in scheme at 1 August	(5,579)	(4,189)
Movement in year:		
Current service cost	(524)	(412)
Employer contributions	370	341
Past service cost	(16)	-
Net interest on the defined (liability)/asset	(160)	(158)
Actuarial gain or loss	374	(1,161)
Net defined benefit (liability) at 31 July	**(5,535)**	**(5,579)**

Asset and Liability Reconciliation

	2017 £'000	2016 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	10,813	8,775
Current Service cost	524	412
Interest cost	307	332
Contributions by Scheme participants	98	95
Change in demographic assumptions	(246)	-
Experience gains and losses on defined benefit obligations	(407)	(1)
Changes in financial assumptions	198	1,382
Estimated benefits paid	(170)	(182)
Past Service Costs	16	-
Defined benefit obligations at end of period	**11,133**	**10,813**

Reconciliation of Assets

	2017	2016
Fair value of plan assets at start of period	5,234	4,586
Interest on plan assets	153	179
Return on plan assets	287	220
Other actuarial gains/(losses)	(368)	-
Administration Expenses	(6)	(5)
Employer contributions	370	341
Contributions by Scheme participants	106	103
Estimated benefits paid	(178)	(190)
Assets at end of period	**5,598**	**5,234**

20 Related party transactions

Owing to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

21 Amounts disbursed as agent

Learner support funds

	2017 £'000	2016 £'000
Funding body grants – bursary support	-	18
Funding body grants – discretionary learner support	-	294
Funding body grants – residential bursaries	-	-
Other Funding body grants	-	-
Interest earned	-	-
	-	312
Disbursed to students	-	(292)
Administration costs	-	(14)
Balance unspent as at 31 July, included in creditors	-	6

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.